

SRF Due Diligence

Brief SRF Due Diligence Process

The SRF program requires the borrower to submit a complete due diligence form with the required documentation shortly after the approval of their Preliminary Engineering Report (PER). A Financial Advisor (FA) is selected by the borrower to compile past, present and projected financial information. The borrower must own, operate and maintain the system. The borrower will need to generate sufficient revenue to support operation and maintenance cost and any existing and proposed debt. The SRF loan is repaid within 20 years, and at closing requires the borrower to have a debt service coverage ratio of 1.25 and a commitment to fund a debt service reserve account within the first 5 years.

SRF Due Diligence Instructions

1. All SRF Financial Due Diligence Materials should be filed at the same time. A properly filed SRF Due Diligence submission includes all of the items detailed on the Required Financial Due Diligence Material Checklist. Filing an incomplete submission will delay the approval of the submission.
2. All SRF Due Diligence Submission Materials must be no larger than 8-1/2 x 11.
3. All SRF Due Diligence Materials must be submitted a minimum of 15 days prior to the desired pre-closing date (earlier submission recommended).
4. A proper SRF Due Diligence submission will include 2 copies of all materials.
5. All SRF materials must be submitted to SRF Loan Program, 100 North Senate Avenue, Room 1275, Indianapolis, Indiana 46204, Attn: Rich Emery
6. Questions regarding the proper preparation of the SRF Due Diligence submission should be directed to Jim McGoff (317) 234-2916 or Rich Emery (317) 232-0759.

SRF Due Diligence Checklist

All Due Diligence Submissions MUST include the following; each separated by the appropriate numbered tab.

- ____ 1. Completed Due Diligence Submission Form
- ____ 2. Three Years of Audited Financial Statements (with notes)
- ____ 3. Copies of the last 3 years Internal Financial Reports (e.g. CTAR's)
- ____ 4. Current Year's Budget
- ____ 5. Rate Consultant's Report

- ___ a. Detail of Estimated Project cost
 - ___ b. Sources and Uses of Funds Statement
 - ___ c. Proposed Amortization Schedule
 - ___ d. Amortization Schedules
 - ___ e. Historical Financial Statements
 - ___ f. Pro Forma or Forecasted Financial Statements
 - ___ g. Detail of Adjustments or Detail of Assumptions Used in Forecast
 - ___ h. Schedule of Present and Proposed Rates
 - ___ i. Calculation of Debt Service Coverage (1.25x)
 - ___ j. Schedules of Proposed Outstanding Bonds
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- ___ 6. A Copy of the Signed Rate and Bond Ordinance (net revenue issues)
 - ___ 7. A Copy of the Department of Local Government Finance Order (tax backed issues)
 - ___ 8. IURC Rate Order (if under IURC jurisdiction)
 - ___ 9. Proof of Surety Bond for Reserve (if using a surety bond)
 - ___ 10. Any Inter-local or Service Agreements

Additional Required Submissions for Borrower with Outstanding Bonds:

- ___ 11. List of all Outstanding Bonds
- ___ 12. Status of Parity and Junior Bonds
- ___ 13. Identify source of payment for each Bond Issue
- ___ 14. Copy of Bond Ordinances for ANY Outstanding Bonds
- ___ 15. Parity Test and Proof of Appropriate Coverage